

Message Text

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C O N F I D E N T I A L MOSCOW 9350

E.O. 11652: GDS
TAGS: EWWT, EEWT, UR, UK, NL
SUBJECT: USSR-WESTERN MARITIME RELATIONS

REF: MOSCOW 3543

SUMMARY: RECENT SESSION OF UK-USSR MARITIME COMMISSION IN LONDON CONCENTRATED ON PROBLEMS OF SOVIET RATE CUTTING IN CROSSTRADES AND ON THE EASTBOUND LEG OF THE TRANS-SIBERIAN "LANDBRIDGE". THE DUTCH HAS ADOPTED LEGISLATION SETTING RULES FOR IMPLEMENTING COUNTER MEASURES AGAINST UNFAIR SHIPPING PRACTICES. THE FRENCH HAVE ARRANGED FOR A BILATERAL DISCUSSION ON MARINE INSURANCE IN MOSCOW THIS FALL. END SUMMARY.

1. AT MEETING JUNE 27 OF INFORMAL GROUP OF WESTERN EMBASSY ECONOMIC OFFICERS CONCERNED WITH TRANSPORT MATTERS, J. DIMOND (UK) REPORTED ON THE RESULTS OF THE UK-USSR MARITIME COMMISSION MEETING IN LONDON JUNE 13-17. LARGELY AT HIS INITIATIVE, USSR MINISTER OF THE MERCHANT MARINE GUZHENKO
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ATTENDED THE MEETINGS JUNE 13-15. (SUCH SESSIONS ARE USUALLY NOT HELD AT THE MINISTERIAL LEVEL.) ACCORDING TO DIMOND, GUZHENKO'S OVERALL APPROACH WAS TO DEMONSTRATE AWARENESS OF UK CONCERN ABOUT SOVIET SHIPPING PRACTICES BUT TO ASSURE THAT THINGS ARE NOT ALL THAT BAD. HE INDICATED THE SOVIETS ARE APPROACHABLE ON A REALISTIC BASIS. THE ACTUAL DISCUSSIONS, HOWEVER, PROVED TO BE MORE DIFFICULT.

2. TWO MAIN ISSUES WERE DISCUSSED BY UK AND USSR. FIRST IS THE SOVIET RATE CUTTING IN CROSSTRADES, PARTICULARLY TO EAST AFRICA. ACCORDING TO DIMOND, UK SHIPOWNERS HAVE BEEN FORCED TO REDUCE RATES BELOW PROFIT MARGIN TO MEET SOVIET COMPETITION IN THE EAST AFRICAN TRADE. THEY WOULD LIKE THE SOVIET BESTA LINE TO JOIN THE EAST AFRICAN CONFERENCE. DURING THE COMMISSION MEETING, THE SOVIETS WERE WARNED THAT THE ACTIVITIES OF SOVIET LINER COMPANIES ARE ACTUALLY OR POTENTIALLY INCONSISTENT WITH THE FAIR PRACTICES PROVISION OF THE UK-USSR MARITIME AGREEMENT. THE UK COULD ADOPT PROTECTIVE MEASURES BUT PREFERS TO TRY TO SETTLE THE ISSUE AMICABLY.

3. THE SECOND ISSUE WAS SOVIET RATE CUTTING ON THE EASTBOUND LEG OF THE TRANS-SIBERIAN "LANDBRIDGE." (THE SOVIETS AIM HERE APPARENTLY IS TO CORRECT THE PRESENT IMBALANCE IN WHICH FAR MORE FREIGHT MOVES FROM WEST TO EAST THAN VICE VERSA.) THE BRITISH REQUESTED THE SOVIETS TO CONSIDER A STANDSTILL IN EASTBOUND TRADE UNTIL THERE COULD BE CONSULTATIONS TO SET ECONOMICALLY VIABLE RATES.

4. ACCORDING TO DIMOND, THE SOVIETS DID NOT RESPOND ON EITHER ISSUE. THE BRITISH DO FEEL, HOWEVER, THAT THE SOVIETS NOW UNDERSTAND BETTER THE DEGREE OF UK AND WESTERN CONCERN ABOUT SOVIET SHIPPING PRACTICES.
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5. THERE WERE BETTER RESULTS ON STRICTLY BILATERAL UK-USSR ISSUES. A NEW WORKING GROUP WAS FORMED TO WORK OUT PRINCIPLES AND RECOMMENDATIONS ON COMPETITION IN LINER TRADES. THE SOVIETS ACCEPTED, IN PRINCIPLE, THE AIM OF PARITY IN FLAG CARRIAGE. A NEW RATE WAS SET ON UK-BALTIC TRADE, A SECOND UK VESSEL WILL BE ADDED IN UK-LENINGRAD LINE, AND THE SOVIETS GAVE ASSURANCES ON TURN AROUND TIME FOR UK SHIPS IN LENINGRAD. PORT CONGESTION IN LENINGRAD HAS CREATED A SERIOUS PROBLEM IN UNLOADING.

6. VAN VOORST, NETHERLANDS COMMERCIAL COUNSELOR, REPORTED THAT NEW DUTCH LEGISLATION WAS ADOPTED MAY 4 SETTING RULES FOR RETALIATORY MEASURES FR UNFAIR SHIPPING PRACTICES. THE NEW LAW WOULD PERMIT LICENSING OF VARIOUS ACTIVITIESOF FOREIGN SHIPS AND THUS OFFERS MANY POSSIBILITIES FOR CONTROLS. IT REMAINS TO BE PUT INTO PRACTICE BUT A LEGAL BASIS EXISTS NOW TO ACT AGAINST ANY FLAG OR VESSEL.

7. GELENIE (FRANCE) REPORTED THAT DURING A VISIT TO PARIS IN JUNE BY DEPUTY FOREIGN TRADE MINISTER KOMAROV, AGREEMENT WAS REACHED THAT BILATERAL DISCUSSIONS ON MARINE INSURANCE

WOULD BE HELD THIS AUTUMN IN MOSCOW, REFTEL. KOMAROV WILL HEAD THE SOVIET DELEGATION WHICH WILL HAVE REPRESENTATIVES FROM MFT, MINISTRY OF FINANCE, INGOSSTRAKH, AND SOME FOREIGN TRADE ORGANIZATIONS.

8. COMMENT: IT WAS THE CONSENSUS OF THE MEETING THAT IN THE LAST 18 MONTHS WESTERN GOVERNMENTS AND SHIPOWNERS HAVE BECOME MORE AWARE OF THE VARIOUS PROBLEMS PRESENTED BY SOVIET SHIPPING PRACTICES. CONCURRENTLY, THE MESSAGE IS BECOMING CLEARER TO THE SOVIETS THAT UNLESS THEY MODIFY THEIR BEHAVIOUR THEY RUN THE RISK OF COUNTER MEASURES BEING TAKEN.
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